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Most Illinois families have personally experienced the impact of the financial crisis through decreasing values in their retirement savings and homes. In September 2008 when we were at the precipice of financial collapse, the federal government took necessary action to stabilize our financial system and promised the American people that comprehensive regulatory reforms would follow. Lost in the bickering over jurisdictional process has been the broad agreement over fundamental priorities for reform: new regulation for complex financial products, an end to taxpayer bailouts, and better consumer protections. In December, the House of Representatives delivered against this pledge by passing H.R. 4173, The Wall Street Reform and Consumer Protection Act.

The House first addressed the need for oversight of the over-the-counter derivatives market where many of the problems began. Lacking and lagging regulation of OTC derivatives was a major contributing factor to the 2008 crisis, including the highly leveraged credit default swaps at AIG that prompted government intervention. For the first time, this multi-trillion-dollar market will be regulated. The bill strikes the right balance by providing transparency and accountability to the derivatives market while preserving the ability of end user businesses to legitimately hedge their risk in order to protect their businesses. It is important to note that, contrary to some inaccurate analyses of the House language, every single derivative trade will be regulated, and every trade involving major financial institutions and swap dealers will be required to maintain necessary capital reserves to mitigate risk.

Second is establishment of a Systemic Dissolution Authority that would be responsible for shutting down and unwinding financial companies whose disorderly failure would pose a systemic risk. While oversight will drastically reduce the likelihood that it will be needed, the Systemic Dissolution Authority would dismantle a failing company that poses a systemic risk without market disruption, using first the company's assets and then using the Systemic Dissolution Fund, pre-funded through assessments on large financial institutions. This "anti-bailout" approach would not use taxpayer money to shut down these failing institutions and would mandate the firing of company executives. If this authority had been in place in 2008, it would not have been necessary for the federal government to provide financial assistance to companies like AIG order to prevent widespread damage to our economy.

Finally, establishing robust investor and consumer protections was central to giving Americans peace of mind. The House bill closes loopholes, provides stronger protections for whistleblowers, and additional resources and authority to the Securities Exchange Commission to prevent another Bernie Madoff-style Ponzi scheme. Further, the House bill puts the consumer first by streamlining consumer protection rulemaking and enforcement through the creation of the Consumer Financial Protection Agency. And by preserving the ability of national banks and thrifts to operate under uniform national standards, consumers will have equal protection and enforcement nationwide, without redundant compliance costs.

I am proud to have worked with my colleagues to craft this balanced bill to preserve American competitiveness while enhancing market stability, transparency, and consumer protections. The New Democrat Coalition (NDC) - a moderate, pro-growth caucus - worked closely with the Financial Services Committee on these reforms since the start of the 111th Congress. In February 2009, the New Dem Financial Services Taskforce outlined 21 principles for financial reform to monitor system-wide risks, improve regulator effectiveness, increase market stability and transparency, and enhance consumer and investor protections. The House-passed bill included 20 out of 21 of these principles.

It is critical that the Senate move forward with the urgency the House did last year toward passage of these important reforms to America's financial regulatory structure to restore market confidence and prevent the kind of system-wide collapse - and subsequent government intervention - that occurred in the fall of 2008.

Bean, a member of the House Financial Services Committee, is vice chairwoman and whip of the New Democrat Coalition and Co-Chairwoman of the New Dem Financial Services Task Force.